



October 24, 2022

Senator Mark Warner
Chairman
Select Committee on Intelligence
U.S. Senate
Washington, DC 20510

Senator Marco Rubio
Vice Chairman
Select Committee on Intelligence
U.S. Senate
Washington, DC 20510

Representative Adam Schiff
Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, DC 20515

Representative Michael Turner
Ranking Member
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Warner, Vice Chairman Rubio, Chairman Schiff, and Ranking Member Turner:

The Intelligence and National Security Alliance (INSA), whose membership includes more than 160 companies supporting the U.S. Intelligence Community and Department of Defense, strongly endorses Section 506 of the Senate Select Committee on Intelligence-passed Fiscal Year 2023 Intelligence Authorization Act, which is incorporated in the floor manager's amendment of the Fiscal Year 2023 National Defense Authorization Act. **INSA strongly encourages you to retain Section 506 in the legislation in conference.**

Section 506 would enable key management and oversight personnel in cleared industry to apply for clearances even though they do not bill directly to individual contracts. Such personnel include senior executives, lawyers, billing staff, and others whose corporate-level work enables their companies to perform classified projects across federal agencies. Section 506 directs the Director of National Intelligence, as the government's Security Executive Agent, to develop a policy that would permit clearances for such key industry personnel.

INSA explained its support for Section 506 in [an October 18 op-ed](#) (attached) published on Federal News Network:

Agencies must provide clearances for industry personnel who perform enterprise functions. With few exceptions, only staff providing direct support to contract execution can have their clearances "held" by the contracting agency; as a result, senior executives, lawyers, billing staff and others whose corporate-level work enables classified projects across agencies cannot receive a security clearance. Such limitations unnecessarily complicate companies' support to government clients.

Agencies should develop a formula for providing clearances to such enterprise staff — perhaps a minimum number of slots for any company undertaking classified work plus a percentage of a company's total cleared billets. The Senate Intelligence Committee's draft FY2023 Intelligence Authorization Act requires the Director of National Intelligence

to develop a policy for providing such cleared billets; if passed, this provision would greatly enhance contractors' ability to support critical missions across the IC.¹

Passage of Section 506 of the IAA would greatly enhance industry support to the Intelligence Community. **INSA supports this provision and strongly encourages you to retain Section 506 in the conference bill.**

If you need any additional information on this issue, please contact INSA's Vice President for Policy, Larry Hanauer, at lhauer@insaonline.org or at 202-487-4075 (mobile).

Sincerely,



Letitia A. Long
Chair of the Board
Intelligence and National Security Alliance

cc: Sen. Jack Reed
Chairman
Committee on Armed Services
U.S. Senate
Washington, DC 20510

Sen. James Inhofe
Ranking Member
Committee on Armed Services
U.S. Senate
Washington, DC 20510

Rep. Adam Smith
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Rep. Mike Rogers
Ranking Member
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

¹ Larry Hanauer, INSA Vice President for Policy, "Intelligence Agencies Must Transform Acquisition," Federal News Network, October 18, 2022. At <https://federalnewsnetwork.com/commentary/2022/10/intelligence-agencies-must-transform-acquisition/>.



COMMENTARY

Intelligence agencies must transform acquisition

Larry Hanauer

October 18, 2022

<https://federalnewsnetwork.com/commentary/2022/10/intelligence-agencies-must-transform-acquisition/>

The Intelligence Community spends about 70% of its budget – roughly \$59 billion in fiscal year 2022 – on contracts with private companies that provide everything from satellites to janitorial services. But IC acquisition is slow, process-oriented and understaffed, all of which delays the procurement of critical services, hinders the adoption of advanced technologies, and increases costs for both companies and American taxpayers.

To take advantage of private sector innovation, IC policymakers must change acquisition processes to focus on outcomes rather than inputs, enable more unclassified and remote work, make it easier for contractors to clear staff and access secure workspaces, and enhance the acquisition workforce.

Ultimately, as the Defense Department wrote to Congress about its own procurement ecosystem in 2017, the IC must adapt its regimented contracting processes to enable critical thinking, effective risk management and flexible decision-making.

First and foremost, agencies should write requests for proposals based on statements of objectives (SOOs), which emphasize outcomes and results, rather than statements of work (SOWs), which specify required inputs, tasks and levels of effort. As the Intelligence and National Security Alliance (INSA) noted in a 2017 white paper on the IC's acquisition process, SOOs empower contractors to develop innovative, cost-effective and efficient solutions to achieve the government's goals. SOOs also make contractors accountable for generating results, thereby reducing the government's risk.

Second, agencies must provide clearances for industry personnel who perform enterprise functions. With few exceptions, only staff providing direct support to contract execution can have their clearances "held" by the contracting agency; as a result, senior executives, lawyers, billing staff and others whose corporate-level work enables classified projects across agencies cannot receive a security clearance. Such limitations unnecessarily complicate companies' support to government clients.

Agencies should develop a formula for providing clearances to such enterprise staff – perhaps a minimum number of slots for any company undertaking classified work plus a percentage of a company's total cleared billets. The Senate Intelligence Committee's draft FY2023 Intelligence Authorization Act requires the Director of National Intelligence to develop a policy for providing such cleared billets; if passed, this provision would greatly enhance contractors' ability to support critical missions across the IC.

Third, intelligence agencies should allow more tasks to be undertaken at the unclassified level. Like other organizations forced to find new ways of operating during the pandemic, the IC learned that a great deal of work – from open source research and analysis to software development – can be performed at an unclassified level. By reducing the amount of work that must be done in secure facilities, agencies can take advantage of telework, provide contractors with greater hiring flexibility, bring new skills to intelligence missions, and lower personnel and facility overhead costs. As INSA recommended in an

[August 2019 report](#) on the pandemic's impact on acquisition, all contracts should include clauses on the performance of remote work.

Remote work could even be permitted for classified tasks. Contracts often specify that work must be performed in a government agency's secure facility. But many cleared contractors have their own certified secure facilities, and personnel who live far from an agency can often find a desk and a classified email connection in another secure office nearby. Flexibility on where work is performed (as long as security requirements are met) would undoubtedly help retain experienced personnel in the cleared workforce.

Fourth, IC agencies should fund the construction, certification, and operation of shared Sensitive Compartmented Information Facilities (SCIFs) – essentially classified co-workspaces. For a company to build and certify a SCIF, it must have a contract requiring such a facility. This requirement prevents small businesses and non-traditional government contractors (e.g., start-ups and high-tech companies) from accessing the secure workspaces required to do classified work, write a classified proposal, or develop a classified technology prototype. Without access to a SCIF, such companies can't even review classified contracting announcements, and they can't compete for contracts they don't know exist.

Shared SCIFs would enable such firms to enter the intelligence market more easily and at lower cost, thereby bringing new ideas and technologies into the IC. (They would also facilitate remote classified work, as discussed earlier.) Congress directed the DNI and the Secretary of Defense to create processes for establishing shared SCIFs in section 1628 of the [FY2018 National Defense Authorization Act](#), yet almost five years later, only a handful exist.

The fifth and most complex step that intelligence agencies can take is to enhance their acquisition workforce. The current cadre of government contracting officers (COs) is about 20% below full staffing and, due to retirements and attrition, relatively inexperienced. These challenges make it harder for contracting staff to understand program manager requirements and translate them into contract specifications that are clear, feasible and outcome focused.

The IC should prioritize recruitment, retention and training of acquisition professionals, using flexible hiring authorities to bring in talent (at elevated pay grades, if necessary). Agencies should also encourage the exchange of acquisition personnel with the private sector, which would foster greater understanding of partners' goals, processes and challenges. The congressionally mandated [Advisory Panel on Streamlining and Codifying Acquisition Regulations](#) (known as the Section 809 Panel), which examined Defense Department acquisition inefficiencies, recommended flexible hiring authorities and talent exchanges in its [June 2018](#) and [January 2019](#) reports. Its recommendations apply equally well to the IC, which could use [the ODNI's new Public-Private Talent Exchange \(PTE\)](#) program to manage such professional development initiatives.

Contracting obstacles make it harder for the IC to draw on industry's immense expertise. Given the need to incorporate private sector innovations into intelligence collection and analysis – not to mention the amount of money the IC spends on contracts – intelligence agencies must take steps to make their acquisition processes more efficient and effective.

Larry Hanauer is Vice President for Policy at the [Intelligence and National Security Alliance \(INSA\)](#), an association promoting public-private collaboration on intelligence and national security.